

Unaudited Interim Report for the six months ended 31 March 2013

Chairman's statement

In my statement for the six months ended 30 September 2012 I said we would act swiftly to reduce overheads and improve operating performance. During the last six months our actions have yielded reductions in the operating costs of the training business and further steps are in place which we hope will improve the efficiency of our product delivery to better serve the extraordinary customer base that the group has built. The wealth of experience in the Group's training business and its extensive range of digital products provides a platform to build our relationship with these customers.

In addition, despite continuing pressure on training business revenues from external price competition and industry macro factors, we have held revenues steady by creating a new consultancy division with a view to capitalising on the contacts and experience available to the Group. Following the example of our new consultancy division, I believe that there is an opportunity to increase the scope and scale of the Group through acquisition.

Restructuring costs have been greater than was initially estimated. Consequently the full benefit of the reductions in operating costs will not be reflected until the new financial year."

Strategy and delivery

Our strategic focus during the period has remained exploring and developing of the group's capabilities in areas which the Board believes will afford good growth opportunities. This has included evaluating a number of potential acquisitions.

We continue to manage overheads tightly in response to challenging macro-economic conditions. Our marketing review is revealing valuable insights into our target markets and product offering (brand hierarchy, pricing and positioning) which will enable us to prioritise and refocus our marketing activities. We continue to focus on operational improvement and development of a broader product portfolio. Further updates on this will appear in the next set of financial statements.

Board Changes

During the six months to 31 March 2013 the board was further restructured to ensure the right team are focused on the right areas. As previously announced Ken Scott (CEO), Jon Pickles (CFO), Eddie Kilkelly (COO), and Paul Virik and Damien Lane, both non-executive directors, have all stepped down from the board. As announced on 18 April 2013 Donald Stewart joined the business as a non-executive director and, on 3 June, joined the executive team, as General Counsel. In addition, on 6 June 2013 John McIntosh was appointed Finance Director. Paul Lever remains a non-executive Director.

Restructuring

We have achieved material cost reductions in each functional business area. The business processes and related staffing levels were analysed and actions taken to bring costs into line with the businesses objectives. In order to implement these changes rapidly, we have provided for a further £0.5 million of additional restructuring costs over and above the provisions announced within the interim results for the period to 30 September 2012. As a result of the restructuring actions, operating headcount in the training business has reduced to 65 FTE from an average 87 FTE for the 12 months to 31 March 2012.

In order to illustrate these changes on a consistent basis we have recalculated the gross profit as presented in the results for the six months and the twelve months to 31 March 2012. The effect of this has been to move certain sales related costs, including administrative and technical staff costs and shipping costs, from administrative and distribution expenses to cost of sales. Refer to note 1 of the notes to the unaudited financial statements to 31 March 2013.

Financial Results

Operating performance from continuing operations

For the six months to 31 March 2013 the Group delivered revenues of £7.5 million (2012: £7.6 million). Gross margins across the training business were 33% (restated 2012: 41%). Operating profit was £0.7 million (2012: £0.7 million) principally as a result of reduced overhead costs offsetting lower than expected sales through the six months to 31 March 2013.

Cost reductions

Headway has been made toward reducing operating costs across the core training business. In the six months to 31 March 2013, following a root and branch review, operating costs were £0.8 million lower than in the previous six months reporting period. Understanding what drives the e-learning revenue of the business is a significant part of the ongoing review to strengthen the performance of the core business, and further effort will be directed towards this objective. To further preserve cash the group will continue with its current dividend policy and, consequently, no dividend is anticipated for the foreseeable future.

Profit before tax

Profit before tax for the period was £0.7 million (2012: £0.5 million).

Finance costs

The Group incurred finance costs of £0.1 million (2012: £0.2 million) during the period. Much of this improvement resulted from the investment provided during the period by Praxis Trustees providing aggregate cash inflow of £1.6 million to the Group. This investment reduced the Group's net debt as announced in the interim results for the period to 30 September 2012.

Taxation

The tax charge for the period was £0.06 million (2012: £0.1 million), representing 8% of profit before tax (2012: 16% annualised). The Group continues to benefit where possible from tax credits available in the UK arising from qualifying research and development.

Profit for the period and earnings per share

Profit for the period attributable to equity shareholders was £0.1 million (2012: £0.4 million). Earnings per share (basic) was 0.35p (2012: 1.47p).

Going Concern

The Group has prepared the accounts on a going concern basis and based on current forecasts for the period through June 2014, the Group will meet its day-to-day working capital requirements from operating cash flows and its existing banking facilities.

Cash flow, net debt and facilities***Cash flow***

Cash generated from continuing operating activities was £1.1 million (2012: £0.5 million). The Group continues to generate operating cash flow from its e-commerce and cash sales and from advance payments from customers. During the period restructuring costs have represented a significant proportion of the company operating cash outflow. It is hoped that the restructuring investment will have a positive effect on future cash flow when cost savings are fully realised.

The Group paid out £0.1 million in corporation tax during the period (2012: £0.3 million).

The Group continued to invest in its product range and also incurred capital expenditure in the period relating to updates of systems and equipment.

Net debt and facilities

The Group reduced its net debt by £1.1 million compared with the period to 31 March 2012, from both positive cash flow from operations and the proceeds of Praxis Trustees' investment. At the balance sheet date the Group's debt comprised £0.7 million in by way of a fixed term facility, £0.7m by way of a revolving debt facility and £0.4m due to Praxis Trustees.

Of the facilities drawn at the balance sheet date, the term loan is expected to be repaid in full by the quarterly term loan repayments. At the balance sheet date £0.3m of the revolving facility remained undrawn.

Net debt at the period end, defined as all bank debt, less cash at bank, was £0.8 million (2012: £2.2 million). This comprised: £1.8 million in bank facilities drawn and convertible loans less £1.0 million in cash balances. The Group remains within the terms of all its banking covenants.

Dividend

As noted above, in order to preserve the Group's cash resources the Board does not recommend a dividend for the interim period ended 31 March 2013.

Post balance sheet events***Launch of training rooms at the Group's own office***

During May 2013 the first training classes took place at the Group's new offices in the Strand, London. The opening of these training rooms provides two anticipated benefits: improved product margin, as the cost of hiring expensive, third party serviced training rooms is avoided; and, closer direct contact with our customers, with whom we hope to develop greater insight into their needs and how we can improve our offering.

New statutory reporting date

The next set of results will be the statutory results for the fifteen months to 30 June 2013. This interim report marks the last reporting period to 31 March. Our reporting for the new financial year begins 1 July 2013 with the new financial year ending on 30 June 2014.

Appointment of Directors

As noted above on 18 April 2013 Donald Stewart joined the business as a non-executive director and, on 3 June, became an executive director. In addition, on 6 June 2013 John McIntosh was appointed Finance Director.

Business Review

New management team

A new executive management team was introduced. The team is made up of highly capable change managers with strong combined experience of business development, sales and digital transformation, cost reduction, training, mergers and acquisitions and the public company environment.

Review of Divisions

The Group measures the operating performance of the business through monthly financial reports on the Training and Consulting divisions. Each division is further analysed by entity. There are four reporting entities in the Training business covering the territories:

UK (plus other international), Australia, New Zealand and UAE. In the Consulting division the two entities are Obar Limited ("Obar") and ILX Consulting Pty Ltd ("ILXC") both of which are able to service international business.

The Training Business

UK (including web sales and other international business)

During the twelve month period to 31 March 2013 the group's business in the UK has suffered from the contraction of revenue, with the majority of the reduction occurring in the last few weeks of the period. Since the period end significant contract wins include: a large educational establishment; a US based power company, and a major construction business.

The Group is looking to the US market as a source of future opportunities and has achieved some sales success there. Efforts to establish markets in Europe have been hampered by recruitment and language conversion costs. Consequently resource will, in future, be targeted towards territories where the training business can leverage most from its existing products/skills.

As part of a continuing in-depth review the Group is performing a review of its product portfolio and development capability. This includes a review of the associated accounting treatment of development costs.

APAC (Asia Pacific – located in Sydney, Australia with a sales presence in New Zealand)

The opportunities to improve the financial performance of the group's business in the region are currently being reviewed.

UAE (based in Dubai)

This division will complete its first full year of operation in June 2013. During its first six months the small team delivered strong revenues, despite the significant barriers to entry, through creating a start-up and accessing tenders within the territory.

New Consulting Division

This division comprises Obar and ILXC which brought in a combined £0.9 million revenue (2012: £nil) between December 2012 and 31 March 2013. Obar, which is located in the UK, has managed and implemented large contact centre technical and operational projects during the period. ILXC has been created to forge a new revenue stream in project and program management to help corporate clients and information technology organisations with service and supply chain, improve, develop organisational efficiency to compliment that already provided by its sister company, ILX Group Pty Ltd, which is based in the region. The potential growth in this consultancy division is complementary with the current strategy for growth in training, services and technology.

Website

Direct web sales are made on the following three sites:

www.prince2.com, which is the number one organically ranked site on Google for Prince2 training.

www.ilxgroup.com

www.italtraining.com

The existing websites and links have historically been consumer orientated. A new website front is currently being designed which we hope will strengthen the online performance of the core training business. Analysis has revealed that, although there is a large amount of traffic to the sites, the Group's conversion ratio is low. A redesign is underway is currently scheduled to go live in July 2013.

Marketing

In addition to the web traffic analysis we have undertaken a complete review of our online sales and marketing performance. This has enabled the team to get a deeper insight into our performance across our consumer and corporate sales channels, to identify trends and put in place activities which we hope will increase sales. Historically the majority of the marketing activity had been focused on consumers and existing corporate customers only.

A digital marketing executive has been brought on-board to implement the actions identified with the intention of improving the website performance. Sales team recruitment is also underway to support the activities noted above and bolster the current sales team.

CRM Tools

To date the group has been using four different CRM systems to register sales opportunities and direct marketing activity. This has made corporate marketing a more difficult task than should be the case. Consequently a new unified system has been identified and is currently being introduced which is expected to result in improved marketing efficiencies..

PMI PMP Product

The development of PMI PMP, in conjunction with existing product, provides the group with the opportunity to enter the North American market. This product is now live and is an addition to our product training portfolio.

New Centralised Office

The group is now headquartered at 138-142 The Strand, London. This central London location was chosen in preference to the group's previous offices on Hammersmith Road in West London as it better suits the overall needs of the business and the new offices can accommodate training courses with marginal incremental costs to the business. The former offices are to be sublet for the remainder of the term at the prevailing market rate.

Change of advisors/service suppliers

The group has changed certain of its advisors/service suppliers during the period. The reasons for this were a mix of service quality and cost. In each case the decision to appoint a new advisor or service supplier was arrived at after careful consideration of the costs and benefits of change.

Acquisitions

We continue to review acquisition opportunities as they arise to capitalise on the Group's capabilities in areas which the Board believes will afford growth opportunities. As noted above two consulting businesses have been brought into the group between December 2012 and 31 March 2013. The Board will continue to consider and evaluate new opportunities to give the group increased scope and scale whilst continuing the theme of project management, training, consulting and services.

As a result of the efforts of many people involved in the business during the latter half of the twelve month period to 31 March 2013, we are now further into the restructuring project. This remains work in progress while the remainder of the work is ongoing. A further update will be provided within the statutory results for the fifteen months to 30 June 2013.

Wayne Bos, Executive Chairman

20 June 2013

Independent review report to the members of ILX Group Plc.

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of ILX Group Plc. for the six months ended 31 March 2013 which comprises the consolidated, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement and the consolidated statement of changes in equity. We have read the other information contained in the half yearly financial report, which comprises the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 31 March 2013 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

GRANT THORNTON UK LLP
AUDITOR
London
20 June 2013

Unaudited Consolidated Statement of Comprehensive Income
For the six months ended 31 March 2013

		Six months Ended 31.3.2013	Six months Ended 31.3.2012 restated	Twelve months ended 31.3.2013	Twelve months ended 31.3.2012 restated Audited
	Notes	Unaudited £'000	Unaudited £'000	Unaudited £'000	£'000
Revenue		7,480	7,567	13,493	13,473
Cost of sales		(4,975)	(4,440)	(8,407)	(7,414)
Gross profit	1	2,505	3,127	5,086	6,059
Administrative and distribution expenses		(1,764)	(2,406)	(4,587)	(5,076)
Operating profit		741	721	499	983
Finance income		-	4	-	4
Finance costs		(53)	(218)	(116)	(365)
Profit before tax from continuing operations		688	507	383	622
Tax expense		(60)	(101)	(61)	(101)
Profit for the year from continuing operations		628	406	322	521
Restructuring costs	6	(495)	-	(2,412)	-
Profit / (loss) for the period attributable to equity shareholders		133	406	(2,090)	521
Other comprehensive income		52	19	55	34
Total comprehensive income / (loss)		185	425	(2,035)	555
Earnings / (loss) per share	9				
From continuing operations:					
Basic		0.35p	1.47p	(5.92p)	1.91p
Diluted		0.33p	1.41p	(5.92p)	1.83p

**Unaudited Consolidated Statement of Financial Position
As at 31 March 2013**

		As at 31.3.2013 Unaudited £'000	As at 31.3.2012 Audited £'000
Assets	Notes		
Non-current assets			
Property, plant and equipment		149	194
Intangible assets	2	9,701	9,804
Total non-current assets		<u>9,850</u>	<u>9,998</u>
Current assets			
Trade and other receivables		3,015	3,266
Cash and cash equivalents		970	638
Total current assets		<u>3,985</u>	<u>3,904</u>
Total assets		<u>13,835</u>	<u>13,902</u>
Current liabilities			
Trade and other payables		(4,004)	(3,410)
Contingent consideration		(446)	(28)
Provisions		(503)	-
Tax liabilities		(839)	(860)
Bank loans and overdrafts		(1,707)	(2,888)
Total current liabilities		<u>(7,499)</u>	<u>(7,186)</u>
Non-current liabilities			
Contingent consideration		(350)	(28)
Total non-current liabilities		<u>(350)</u>	<u>(28)</u>
Total liabilities		<u>(7,849)</u>	<u>(7,214)</u>
Net assets		<u>5,986</u>	<u>6,688</u>
Equity			
Issued share capital		3,993	2,759
Share premium		71	114
Other Reserve		75	-
Own shares in trust	7	(50)	(1,881)
Share option reserve		154	427
Retained earnings		1,682	5,263
Exchange differences arising on consolidation		61	6
Total equity		<u>5,986</u>	<u>6,688</u>

Unaudited Consolidated Cash Flow Statement For the six months ended 31 March 2013

	Six months ended 31.3.2013 Unaudited £'000	Six months ended 31.3.2012 Unaudited £'000	Twelve months ended 31.3.2013 Unaudited £'000	Twelve months ended 31.3.2012 Audited £'000
Profit from continuing operations	741	721	493	983
Adjustments for:				
Depreciation	219	100	264	137
Share option charge	25	56	67	113
Movement in trade and other receivables	(91)	(1,210)	1,012	(461)
Movement in trade and other payables	191	860	326	358
Exchange difference on consolidation	62	19	70	34
Cash generated from continuing operating activities	1,147	546	2,232	1,164
Tax paid	(80)	(339)	(195)	(342)
Net cash generated from continuing operating activities	1,067	207	2,037	822
Restructuring costs	(539)	-	(761)	-
Net cash used by discontinued operating activities	-	1	-	(23)
Net cash generated from operating activities	528	208	1,276	799
Investing activities				
Interest received	-	4	-	4
Purchases of property and equipment	(20)	(72)	(41)	(178)
Capitalised expenditure on product development	(82)	(300)	(248)	(489)
Acquisition of subsidiaries (net of cash acquired)	(557)	(23)	(610)	(23)
Net cash used by investing activities	(659)	(391)	(899)	(686)
Financing activities				
Increase/(Decrease) in borrowings	765	787	(1,106)	(263)
Net proceeds of share issue	-	-	1,191	-
Interest and refinancing costs paid	(48)	(113)	(130)	(245)
Dividend paid	-	(232)	-	(232)
Net cash generated by (used) by financing activities	717	442	(45)	(740)
Net change in cash and cash equivalents	586	259	332	(627)
<i>Cash and cash equivalents at start of period</i>	384	379	638	1,265
<i>Cash and cash equivalents at end of period</i>	970	638	970	638

Unaudited Consolidated Changes in Equity For the six months ended 31 March 2013

<i>Group</i>	Called up share capital £'000	Share premium account £'000	Other reserve £'000	Own shares in trust £'000	Share option reserve £'000	Exchange differences arising on consolidation £'000	Retained earnings £'000	Total £'000
<i>Balance at 31 March 2011</i>	2,697	-	-	(1,852)	317	(28)	5,116	6,250
Profit for the period	-	-	-	-	-	-	521	521
Dividend paid	-	-	-	(29)	-	-	(377)	(406)
Options granted	-	-	-	-	113	-	-	113
Options lapsed and waived	-	-	-	-	(3)	-	3	-
Scrip issue	62	114	-	-	-	-	-	176
<i>Other comprehensive income:</i>								
Foreign currency translation adjustment	-	-	-	-	-	34	-	34
<i>Balance at 31 March 2012</i>	2,759	114	-	(1,881)	427	6	5,263	6,688
Loss for the period	-	-	-	-	-	-	(2,090)	(2,090)
Equity instrument of convertible debt	-	-	75	-	-	-	-	75
Options granted	-	-	-	-	67	-	-	67
Options exercised	-	-	-	1,831	(315)	-	(1,516)	-
Options lapsed and waived	-	-	-	-	(25)	-	25	-
Share issue	1,234	-	-	-	-	-	-	1,234
Costs relating to share issue	-	(43)	-	-	-	-	-	(43)
<i>Other comprehensive income:</i>								
Foreign currency translation adjustment	-	-	-	-	-	55	-	55
<i>Balance at 31 March 2013</i>	3,993	71	75	(50)	154	61	1,682	5,986

Notes to the Unaudited Interim Report

For the six months ended 31 March 2013

1. The financial information contained in the Interim Report does not constitute statutory accounts as defined by the Companies Act 2006. The comparative unaudited figures for the year ended 31 March 2013 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies.

Restatement

The Group has recalculated the gross profit measure within the Training business as presented in the results for the six months to 31 March 2013 and the twelve months to 31 March 2012. The effect of this has been to move certain sales related costs (including administrative and technical staff costs and shipping costs) from administrative and distribution expenses to cost of sales:

- for the six months to 31 March 2013 £464,000
- for the six months to 31 March 2012 £392,000
- for the twelve months to 31 March 2012 £1,570,000
- for the twelve months to 31 March 2012 £1,415,000

Nature of operations

The principal activity of ILX Group plc and its subsidiaries (together 'the Group') is the provision of training and consulting services.

Basis of preparation

These interim financial statements are for the six months ended 31 March 2013. They have been prepared in accordance with IFRSs as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with ILX Group Plc's audited financial statements for the year ended 31 March 2012. The financial information for the period ended 31 March 2012 set out in this interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2012 have been filed with the Registrar of Companies and can be found on the Group's website www.ilxgroup.com. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006. These interim financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments. These interim financial statements have been prepared in accordance with the accounting policies detailed in the Group's financial statements for the year ended 31 March 2012 except as documented herein. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements. The interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the Company.

These interim financial statements have been approved for issue by the board of directors. It should be noted that accounting estimates and assumptions are used in preparation of the interim financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial information, are set out in note 2 to the interim financial information. In the future, actual experience may deviate from these estimates and assumptions

Going concern

The Group meets its day-to-day working capital requirements from its operating cash flows and from its revolving bank facility, of which £0.35 million was undrawn at the balance sheet date. Based on cash flow projections the Group considers the existing financing facilities to be adequate to meet operating requirements through June 2014.

The Group has an outstanding term loan from HSBC bank (£0.7 million as the balance sheet date), which is due to be repaid during the next twelve months. The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue as a going concern. Accordingly, the Group has prepared the interim financial statements on a going concern basis.

2. The key estimates and judgements made by management are detailed below:

Goodwill

Goodwill is determined by comparing the amount paid, including any deferred and contingent consideration, on the acquisition of a subsidiary or associated undertaking and the group's share of the aggregate fair value of its separable net assets. It is considered to have an indefinite useful economic life as there are no legal, regulatory, contractual, or other limitations on its life. Goodwill is therefore capitalised and is subject to annual impairment reviews in accordance with applicable accounting standards.

	Twelve months ended 31.3.2013	Twelve months ended 31.3.2012
	Unaudited £'000	Audited £'000
Other intangibles	1,664	2,674
Goodwill	8,037	7,130
	<u>9,701</u>	<u>9,804</u>

Research and development

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Costs incurred on product development relating to the design and development of new or enhanced products are capitalised as intangible assets when it is probable that the development will provide economic benefits, considering its commercial and technological feasibility and the resources available for the completion and marketing of the development, and where the costs can be measured reliably. The expenditures capitalised are the direct labour costs, which are managed and controlled centrally. Other development costs are recognised as an expense as incurred. Product development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Change in accounting estimate

Capitalised product development expenditure is now considered to have an economic life of ten years and is written off during the economic life on a straight line basis. Previously, relevant product development costs were recorded with an indefinite life, which was subject to regular impairment reviews. To update the policy and reflect the interpretation of IAS 38 the Group has decided to adopt this new policy to more accurately reflect the economic life of the product development investment.

3. Segmental analysis

The Group measures the operating performance of the business through monthly financial reports on the Training and Consulting divisions. Each division is further analysed by entity.

Segment profit or loss consists of earnings before interest, tax, depreciation, amortisation, central overheads and other adjusting items.

	Six months ended 31.3.2013		Six months ended 31.3.2012		Twelve months ended 31.3.2013		Twelve months ended 31.3.2012	
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Training division	6,548	1,781	7,567	1,943	12,561	2,863	13,473	3,400
Consulting division	932	53	-	-	932	53	-	-
Unallocated central costs	-	(1,093)	-	(1,222)	-	(2,423)	-	(2,417)
Continuing operations	<u>7,480</u>	741	<u>7,567</u>	721	<u>13,493</u>	493	<u>13,473</u>	983
Interest		<u>(53)</u>		<u>(214)</u>		<u>(116)</u>		<u>(361)</u>
Profit before tax from continuing operations		688		507		377		647
Non-cash refinancing charges		-		139		-		139
Share option charges		25		55		67		113
Impairment charges		<u>-</u>		<u>60</u>		<u>-</u>		<u>60</u>
Adjusted profit before tax		<u>713</u>		<u>701</u>		<u>444</u>		<u>959</u>

Revenue by geographic location

	Six months ended 31.3.2013	Six months ended 31.3.2012	Twelve months ended 31.3.2013	Twelve months ended 31.3.2012
	Unaudited	Unaudited	Unaudited	Audited
	£'000	£'000	£'000	£'000
UK & RoW	5,531	5,852	9,475	10,153
Australasia	1,580	1,312	3,210	2,502
Middle East	370	403	807	818
	<u>7,480</u>	<u>7,567</u>	<u>13,493</u>	<u>13,473</u>

4. Acquisition of Obrar Limited

The maximum contingent consideration payable for the acquisition will be £1 million, plus working capital comprising an upfront payment and earn-out to 31 March 2015. The acquisition has been provisionally accounted for in the period as follows:

Obrar Limited	£000s
Net assets	468
Consideration	1,409
Goodwill	941

5. Convertible Debt

Convertible loan notes are regarded as compound instruments, consisting of a liability instrument and an equity instrument. At the date of issue the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan note and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity. The portion relating to the equity component is charged directly against equity. The interest expense of the liability component is calculated by applying the effective interest rate to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

On 17 December 2012 ILX Group plc entered into an agreement with Praxis Trustees Limited ("Praxis Trustees"), a subsidiary of the Praxis Group, to raise £400,000 by way of a five year convertible loan. The loan note will be convertible into Ordinary Shares at a price of 10 pence per Ordinary Share and have a one for one warrant attached, exercisable at 10 pence per Ordinary Share, giving Praxis the potential to subscribe for a total of up to 8 million new Ordinary Shares.

The Loan Note conversion rights cannot be exercised until the Company has all necessary authorities to enable conversion free from pre-emption rights. Neither the Loan Note conversion rights nor the warrants can be exercised unless either the exercising party will not incur a City Code mandatory offer obligation or it obtains a dispensation from such obligation.

6. Restructuring

An internal review of the business has identified several opportunities to reduce costs that will translate into profitability. The management team has also tightened up a number of business processes and eliminated certain operating expenses and capital expenditure that have demonstrated either insufficient return or none at all. The result of this exercise is that a further provision was made of £0.5million in the period to 31 March 2013. This is in addition to the restructuring provision made in the period to 30 September 2012 (£0.8 million) and an impairment of intangibles (£1.1 million)

	Six months ended 31.3.2013 Unaudited £'000	Six months ended 31.3.2012 Unaudited £'000	Twelve months ended 31.3.2013 Unaudited £'000	Twelve months ended 31.3.2012 Audited £'000
Restructuring costs incurred	617	-	760	-
Provision for further restructuring costs	(122)	-	503	-
Impairment of intangibles	-	-	1,149	-
	<u>495</u>	<u>-</u>	<u>2,412</u>	<u>-</u>

7. Own Shares in Trust

This reserve records the purchase cost of shares administered by Investec Trust Guernsey Ltd ("the Trust") which are held in the Group's medium term incentive plan trust ("MTIP").

	As at 31.3.2013 Unaudited £'000	As at 31.3.2012 Audited £'000	Movement £'000
MTIP	(50)	(1,881)	1,831

At 31 March 2012, the Company held 2,033,235 of its own ordinary shares in the trust which represented 7.37% of the then total called up share capital. During the period to 31 March 2013 1,984,004 shares were sold/transferred by the trust to satisfy exercise of options. At 31 March 2013, the Company held 49,231 of its own ordinary shares in the trust representing 0.001% of the total called up capital.

The remaining shares will be utilised as required to satisfy share options granted on vesting and exercise.

8. Related Parties

The Company has a related party relationship with its subsidiaries, its Directors, and other employees of the Company with management responsibility.

Related Party Transaction

The issue of a convertible loan and warrants to Praxis Trustees (together the "Transaction") is classified as a related party transaction for the purposes of the AIM Rules by virtue Praxis Trustees being a substantial shareholder, as defined in the AIM Rules, in the Company.

9. Earnings per share

	Six months ended 31.3.2013 Unaudited £'000	Six months ended 31.3.2012 Unaudited £'000	Twelve months ended 31.3.2013 Unaudited £'000	Twelve months ended 31.3.2012 Audited £'000
Profit/(Loss) for the period attributable to equity shareholders	139	406	(2,090)	521
Weighted average shares	39,933,376	27,549,033	35,286,316	27,260,017
Outstanding share options	611,705	1,234,705	611,705	1,234,705
Convertible loan equity	4,000,000	0	4,000,000	0
Weighted average shares for diluted earnings per share	44,545,081	28,783,738	39,898,021	28,494,722
Basic (loss) / earnings per share	0.35p	1.47p	(5.92p)	1.91p
Diluted (loss) / earnings per share	0.33p	1.41p	(5.92p)	1.83p
	Six months ended 31.3.2013 £'000	Six months ended 31.3.2012 £'000	Twelve months ended 31.3.2013 £'000	Twelve months ended 31.3.2012 £'000
Adjusted profit before tax (see note 5)	719	701	450	959
less notional tax at 26%	(187)	(182)	(117)	(249)
Adjusted profit after tax	532	519	333	710
Adjusted earnings per share	1.33p	1.88p	0.94p	2.60p
Adjusted diluted earnings per share	1.21p	1.80p	0.86p	2.49p
	Shares	Cash raised	Interest Saved	EPS
2002 Options:	115,000	75,450	£1,886	1.64p
2008 Zero Cost:	660,936	0	Nil	N/a
2008 Other:	130,000	32,500	£813	0.63p
Convertible loan equity	4,000,000	0	£8,880	0.22p

Copies of these interim results will available from the group's website, www.ilxgroup.com, where this announcement is also reproduced.